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LEGISLATIVE HISTORY

Public Law 14--78th Congress

Chapter 20--1st Session

H. R. 2030

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DIGEST OF PUBLIC LAW 14

Tax-Free Exportation of Tobacco Products. Permits tax-free shipment of certain tobacco products to U. S. territories for the use of the U. S. military and naval forces.

Summary and Index of History on H. R. 2030.

March 1, 1943	Introduced by Rep. Doughton and referred to the Committee on Ways and Means. Print of bill as introduced.
March 8, 1943	House Ways and Means Committee reported without amendment, H. Rept. 225. Print of bill as reported.
March 11, 1943	Debated and passed House without amendment.
March 12, 1943	Referred to Senate Committee on Finance. Print of bill as referred to Committee.
March 16, 1943	Reported without amendment by Senate Committee, S. Rept. 118. Print of bill as reported by Senate Committee. Debated and passed Senate.
March 23, 1943	Approved, Public Law 14.



78TH CONGRESS
1ST SESSION

H. R. 2030

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1943

Mr. DOUGHTON introduced the following bill: which was referred to the Committee on Ways and Means

A BILL

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 2135 (a) (1) of the Internal Revenue Code
4 be amended to read as follows:

5 “SEC. 2135. EXEMPTION FROM TAX.

6 “(a) SHIPMENTS TO FOREIGN COUNTRIES AND POS-
7 SESSIONS OF THE UNITED STATES.—

8 “(1) MANUFACTURERS.—Manufactured tobacco,
9 snuff, cigars, or cigarettes may be removed for export
10 to a foreign country or for shipment to a possession of

1 the United States (or, until the date on which the Presi-
2 dent proclaims that hostilities in the present war have
3 terminated, to a territory of the United States for the use
4 of members of the military or naval forces of the United
5 States) without payment of tax under such rules and
6 regulations and the making of such entries, and the filing
7 of such bonds and bills of lading as the Commissioner,
8 with the approval of the Secretary, shall prescribe.”



78TH CONGRESS
1ST Session

H. R. 2030

A BILL

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

By Mr. DOTGINTON

MARCH 1, 1943

Referred to the Committee on Ways and Means

Union Calendar No. 67

78TH CONGRESS
1ST SESSION

H. R. 2030

[Report No. 225]

IN THE HOUSE OF REPRESENTATIVES

MARCH 1, 1943

Mr. DOUGHTON introduced the following bill; which was referred to the Committee on Ways and Means

MARCH 8, 1943

Committed to the Committee of the Whole House on the state of the Union
and ordered to be printed

A BILL

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That section 2135 (a) (1) of the Internal Revenue Code
4 be amended to read as follows:

5 “SEC. 2135. EXEMPTION FROM TAX.

6 “(a) SHIPMENTS TO FOREIGN COUNTRIES AND POS-
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9 snuff, cigars, or cigarettes may be removed for export

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2 the United States (or, until the date on which the Presi-
3 dent proclaims that hostilities in the present war have
4 terminated, to a territory of the United States for the use
5 of members of the military or naval forces of the United
6 States) without payment of tax under such rules and
7 regulations and the making of such entries, and the filing
8 of such bonds and bills of lading as the Commissioner,
9 with the approval of the Secretary, shall prescribe.”

78TH CONGRESS
1ST Session

H. R. 2030

[Report No. 225]

A BILL

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

By Mr. DOUGHTON

MARCH 1, 1943

Referred to the Committee on Ways and Means

MARCH 8, 1943

Committed to the Committee of the Whole House on the state of the Union and ordered to be printed

PERMITTING THE SHIPMENT TAX-FREE OF CERTAIN TOBACCO
PRODUCTS TO TERRITORIES OF THE UNITED STATES FOR USE
OF MEMBERS OF THE MILITARY AND NAVAL FORCES OF THE
UNITED STATES

MARCH 8, 1943.—Committed to the Committee of the Whole House on the state
of the Union and ordered to be printed

Mr. DOUGHTON, from the Committee on Ways and Means, submitted
the following

REPORT

[To accompany H. R. 2030]

The Committee on Ways and Means, to whom was referred the bill
(H. R. 2030) to permit the shipment tax-free of certain tobacco
products to territories of the United States, for use of members of the
military and naval forces of the United States, having considered the
same, report favorably thereon and recommend that the bill do pass.

GENERAL STATEMENT

The necessity for the proposed legislation is fully set forth in the
following letter received from the Secretary of War:

WAR DEPARTMENT,
Washington, February 22, 1943.

The SPEAKER, HOUSE OF REPRESENTATIVES.

DEAR MR. SPEAKER: There is inclosed a draft of a bill to permit the shipment
tax-free of certain tobacco products to territories of the United States for the use
of members of the military and naval forces of the United States which the War
Department recommends be enacted into law.

The purpose of the proposed legislation is twofold: (1) To eliminate an informa-
tion leak with regard to the disposition of troops and the locale of Army Post
Office numbers, and (2) as a factor in morale, to equalize the privilege of receiving
or buying tax-free tobacco, particularly cigarettes, between troops serving in
the territories and troops serving in foreign countries and the possessions of the
United States.

Section 2135 of the Internal Revenue Code permits the removal for export to
a foreign country or for shipment to a possession of the United States of manu-
factured tobacco, snuff, cigars, and cigarettes, without payment of tax under
such rules and regulations as the Commissioner of Internal Revenue with the
approval of the Secretary of the Treasury shall prescribe. Accordingly, Army
post exchanges, commissaries, and similar organizations located in foreign coun-
tries or in the possessions, can sell cigarettes to troops serving in such areas at

prices which do not include the existing tax amounting to 7 cents per package of 20 cigarettes on popular brands of cigarettes, while post exchanges and commissaries located in Alaska and Hawaii must include the tax in their prices.

The various tobacco manufacturers have advertised that relatives or friends of troops serving outside the States and the District of Columbia who desire to send cigarettes to such troops may pay for them at retail outlets and that, upon furnishing the Army post-office addresses of the soldiers, the cigarettes will be mailed directly by the manufacturers. The price charged the payor does not include any tax. It has come to the attention of the War Department that cartons of cigarettes so purchased and addressed to individuals stationed in Hawaii or Alaska have been returned with the statement: "Such packages of duty-free cigarettes are undeliverable within the continental limits of the United States, Hawaii, and Alaska." This procedure will eventually result in the compromise of troop dispositions and Army post-office numbers in Hawaii and Alaska.

In the absence of corrective legislation it would be necessary, in order to prevent the disclosure of this vital military information, to take steps to discourage the practice of sending tax-free cigarettes to soldiers and sailors serving outside the States and the District of Columbia, since the manufacturers cannot and will not be able to differentiate between troops serving in Hawaii and Alaska and troops serving in foreign countries or in the possessions.

The War Department is of the opinion that the privilege of receiving or buying tax-free cigarettes is an important contribution to the morale of the troops serving outside the continental United States. The morale of the armed forces in Hawaii and Alaska is just as important to the prosecution of the war as that in other areas.

In the absence of a general knowledge on the part of the public that tobacco products cannot be sent tax-free to Alaska or Hawaii, the return of the packages marked merely "undeliverable" without further explanation might close the information leak resulting from the present system. Such procedure would, however, undoubtedly create undue apprehension and anxiety in the minds of the relatives and friends to whom the packages would be returned concerning the well-being of the individuals to whom the packages had been sent. Furthermore, the undesirable impact upon the morale of troops serving in Alaska and in Hawaii arising from the present discriminatory condition would not be removed.

The War Department is of the opinion that this problem can be solved most satisfactorily by relaxing the revenue laws to the extent necessary to permit soldiers and sailors in Alaska and Hawaii to receive or purchase tobacco products tax-free.

The proposed measure will not result in an increase in administrative expenses, but will involve the loss of revenue relatively negligible in amount, and will be effective only until the President proclaims that hostilities in the present war have terminated.

The Bureau of the Budget advises that there is no objection to the submission of the proposed legislation to the Congress for its consideration.

Sincerely yours,

HENRY L. STIMSON,
Secretary of War.

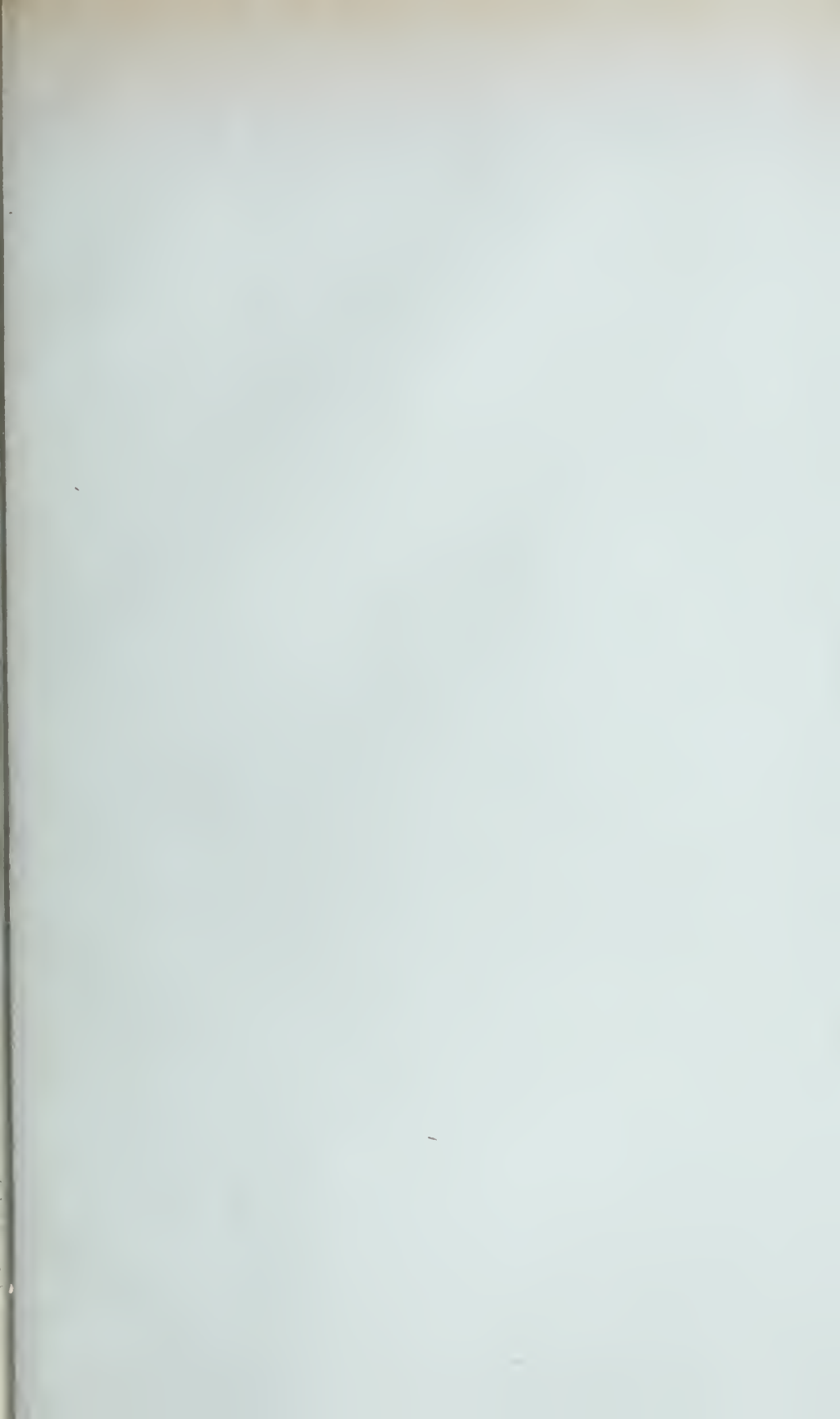
CHANGES IN EXISTING LAW

In compliance with paragraph 2a of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (new matter is printed in *italics*; existing law in which no change is proposed is shown in roman):

SECTION 2135. EXEMPTION FROM TAX

(a) Shipments To Foreign Countries And Possessions Of The United States.

(1) Manufacturers:—Manufactured tobacco, snuff, cigars, or cigarettes may be removed for export to a foreign country or for shipment to a possession of the United States (*or, until the date on which the President proclaims that hostilities in the present war have terminated, to a territory of the United States for the use of members of the military or naval forces of the United States*) without payment of tax under such rules and regulations and the making of such entries, and the filing of such bonds and bills of lading as the Commissioner with the approval of the Secretary, shall prescribe.



House of Representatives

THURSDAY, MARCH 11, 1943

The House met at 12 o'clock noon.
The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty and gracious Father, there is Thy mercy fit for an emblem of Thy love and no love so enduring as the love of love divine. Impress us that this season is set apart for a larger trend of communion with our Elder Brother, through the priestly act of self-dedication to the ministry of supplying.

Almighty God, in the calendar of time there are no ordinary days, we know not tomorrow will bring forth; we lay out our conscience, our will, and our comforts on the altar of sacrifice. O Lord, the things which bring joy and delight, we hold them up for the service of our Great King. Prepare us for the loss of children, for the overthrow of worldly ambitions and for the trouble that shades the hills of light. Do not forget to die. Grant Thy blessing upon all who are separated from us and upon those in the battle line in faraway lands. Thy presence secures a sacred goal and binds human weakness in Thy mighty strength. O purge our selfish vision that we may loathe the sins once cherished, seeking the purest and loving the highest. Blessed Lord, in the troublesome times let us hail Thee in the deluge, hear the music on the waters and the heartsore listen to Thine evening hymn. In the name of Him who loved us. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

TAX-FREE TOBACCO FOR MILITARY AND NAVAL FORCES

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 2030) to permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States, which I send to the Clerk's desk and ask to have read.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

Be it enacted, etc., That section 2135 (a) (1) of the Internal Revenue Code be amended to read as follows:

Sec. 2135. Exemption from tax.

(a) Shipments to foreign countries and possessions of the United States:

(1) Manufacturers: Manufactured tobacco, snuff, cigars, or cigarettes may be moved for export to a foreign country or for shipment to a possession of the United States (or, until the date on which the President proclaims that hostilities in the present war have terminated, to a territory of the United States for the use of members of the

military or naval forces of the United States) without payment of tax under such rules and regulations and the making of such entries, and the filing of such bonds and bills of lading as the Commissioner, with the approval of the Secretary, shall prescribe."

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

Mr. JENKINS. Mr. Speaker, I reserve the right to object, although I do not intend to do so. I think the bill is of sufficient importance that the chairman should explain it at least briefly.

Mr. DOUGHTON. Mr. Speaker, this bill was introduced by me on the basis of a letter written by the Secretary of War to the Speaker of the House, and referred by the Speaker to our committee. The purpose of the bill is to give to those serving in the Army and the Navy, the military and naval forces of the United States, the same privilege to receive cigarettes and other tobacco products free of internal-revenue taxes that is accorded to the soldiers who are outside of continental United States. In the Territories of the United States—Hawaii and Alaska—they are required now to pay a 7-cent tax on a package of cigarettes of 20, and other internal-revenue taxes on tobacco products. The purpose of the bill is to put these soldiers on the same basis, so far as receiving tobacco products tax-free, when they are in the Territories of the United States—Hawaii and Alaska. I would say further that this bill comes with the unanimous report from our committee.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. JENKINS. As I understand it, if this bill is not passed there will be a discrimination between soldiers in different fields of action, and this is for the purpose of equalizing them all and giving them the same privilege.

Mr. DOUGHTON. Putting them upon the same basis. To repeat, the way it is now, if cigarettes are sent without having the tax paid, they are returned to the sender. That is, they cannot be sent to Hawaii and Alaska unless the tax is first paid, so that if parents or friends of a soldier send cigarettes to the soldier or others in the military or naval forces in Alaska or Hawaii, and the tax is not paid, the cigarettes are returned to the sender.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. MAY. The bill will remove the tax that would ordinarily be paid by the men in the armed forces?

Mr. DOUGHTON. It is not required now that they pay the tax outside of continental United States, but under the

present law that tax has to be paid in the Territories, and if soldiers are stationed in the Territories we feel they should have the same privilege as if they were really outside of the possessions of the United States.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. COOPER. The whole purpose and the only purpose of the bill is to provide the same treatment for men serving in the Army in Alaska and Hawaii, and in the Navy, Territories of the United States, as is accorded under existing law to men serving in other places outside of continental United States.

Mr. MAY. I have no idea of making any objection whatsoever. The committee on a previous occasion reported a bill to remove the movie tax, so that everyone would be on an equality.

Mr. Speaker, I incorporate as a part of my remarks, a further explanation of the bill.

When a soldier is sent out of the country as a member of a particular military unit and is destined for a particular locality his address for purposes of communications is merely a number and the post office at New York or San Francisco. These numbers are known as Army post office numbers. Such an address might be, Pvt. John Doe, Army Post Office No. 216, San Francisco, Calif.

When a letter or package so addressed is mailed, the Army postal authorities know the place to which the number refers and will take steps to have the mail delivered. When the Army postal authorities notice that the Army post office number on a carton of cigarettes which is being mailed without any tax stamp affixed is the number of a locality in Hawaii or Alaska, they cannot send the cigarettes on to the soldier, because existing laws do not permit cigarettes to be sent into the Territories unless taxes have been paid on such cigarettes. Accordingly, the cigarettes must be returned to the sender. If the reason for such return is given, the location of the military unit with which the soldier is serving is thus revealed. It is obviously necessary to prevent the leakage of such important information as much as possible.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read a third time, and passed, and a motion to reconsider was laid on the table.

(By unanimous consent, Mr. DOUGHTON was granted leave to extend his remarks in the RECORD.)

EXTENSION OF REMARKS

Mr. DIES. Mr. Speaker, I ask unanimous consent to extend my remarks by placing in the RECORD a speech I delivered last night over the Mutual Broadcasting System entitled "America's Problem."

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[The matter referred to will appear hereafter in the Appendix.]

ADDITIONAL WHEAT FOR FEED

Mr. SABATH, by direction of the Committee on Rules, reported the following resolution (H. Res. 160, Rept. No. 240), which was read and referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the resolution (H. J. Res. 83), to permit additional sales of wheat for feed. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

ACTIVITIES OF FARM SECURITY ADMINISTRATION

Mr. CLARK, from the Committee on Rules, reported the following resolution (H. Res. 119, Rept. No. 241), which was read and referred to the House Calendar and ordered to be printed:

Resolved, That there is hereby created a select committee to be composed of seven Members of the House of Representatives to be appointed by the chairman of the House Committee on Agriculture from among the members of the Committee on Agriculture. The chairman of the House Committee on Agriculture shall designate one of the members of the select committee as chairman. Any vacancy in the membership of the committee shall be filled in the same manner in which the original appointment was made.

The committee is authorized and directed to investigate the activities of the Farm Security Administration, with a view to determining whether or not such activities are being carried on in accordance with the policies of Congress expressed in the laws administered by such Administration.

The committee shall report to the House (or to the Clerk of the House if the House is not in session) as soon as practicable during the present Congress the results of its investigation, together with such recommendations as it deems desirable.

For the purpose of this resolution the committee, or any subcommittee thereof, is authorized to sit and act during the present Congress at such times and places, whether or not the House is sitting, has recessed, or has adjourned, to employ such personnel, to hold such hearings, to require the attendance

of such witnesses and the production of such books, papers, and documents, and to take such testimony, as it deems necessary. Subpenas shall be issued under the signature of the chairman of the committee or any member designated by him, and shall be served by any person designated by such chairman or member. The chairman of the committee or any member thereof may administer oaths to witnesses.

Mr. SABATH, by the direction of the Committee on Rules, reported the following privileged resolution (H. Res. 161, Rept. No. 242), which was read and referred to the House Calendar and ordered to be printed:

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2076) to authorize the deportation of aliens of countries allied with the United States. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

EXTENSION OF REMARKS

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to extend my remarks on the subject of a pay-as-you-go tax plan.

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

Mr. GALE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein an article which appeared in the American Mercury, entitled "Stassen Challenges the Republican Party."

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

Mr. COLE of Missouri. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and to include therein a letter from Robert T. Merrill, commander in chief of the Veterans of Foreign Wars of the United States, to all Members of Congress.

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

Mr. BUSBEY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and to include therein a resolution.

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

Mr. ROCKWELL. Mr. Speaker, I ask unanimous consent to extend my re-

marks in the Appendix of the RECORD and include therein a memorial from the Colorado Legislature.

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

Mr. WEISS. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and include therein a letter.

The SPEAKER. Is there objection?
There was no objection.

[The matter referred to appears in the Appendix.]

SOCIAL SECURITY—ITS FUTURE

Mr. KEOGH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection?
There was no objection.

Mr. KEOGH. Mr. Speaker, on yesterday the House received two voluminous reports of the National Resources Planning Board, the first being the Board report for 1943 and the second, on security, work, and relief policies, being a review of our social-security system with suggestions for its improvement and strengthening.

These reports are of tremendous importance, now and in the future, and will undoubtedly be considered by the Congress. May I urge the members as well as the officials of the Federal Security Agency, to obtain and study the recent unanimous report of the New York State legislative commission dealing with the same subject. It reports fully upon the actual operation of the social security system, which viewpoint may be considered before any changes or extensions of the system are enacted.

EXTENSION OF REMARKS

Mr. LUDLOW. Mr. Speaker, I ask unanimous consent to extend my remarks in two particulars and to include certain letters and excerpts.

The SPEAKER. Is there objection?
There was no objection.

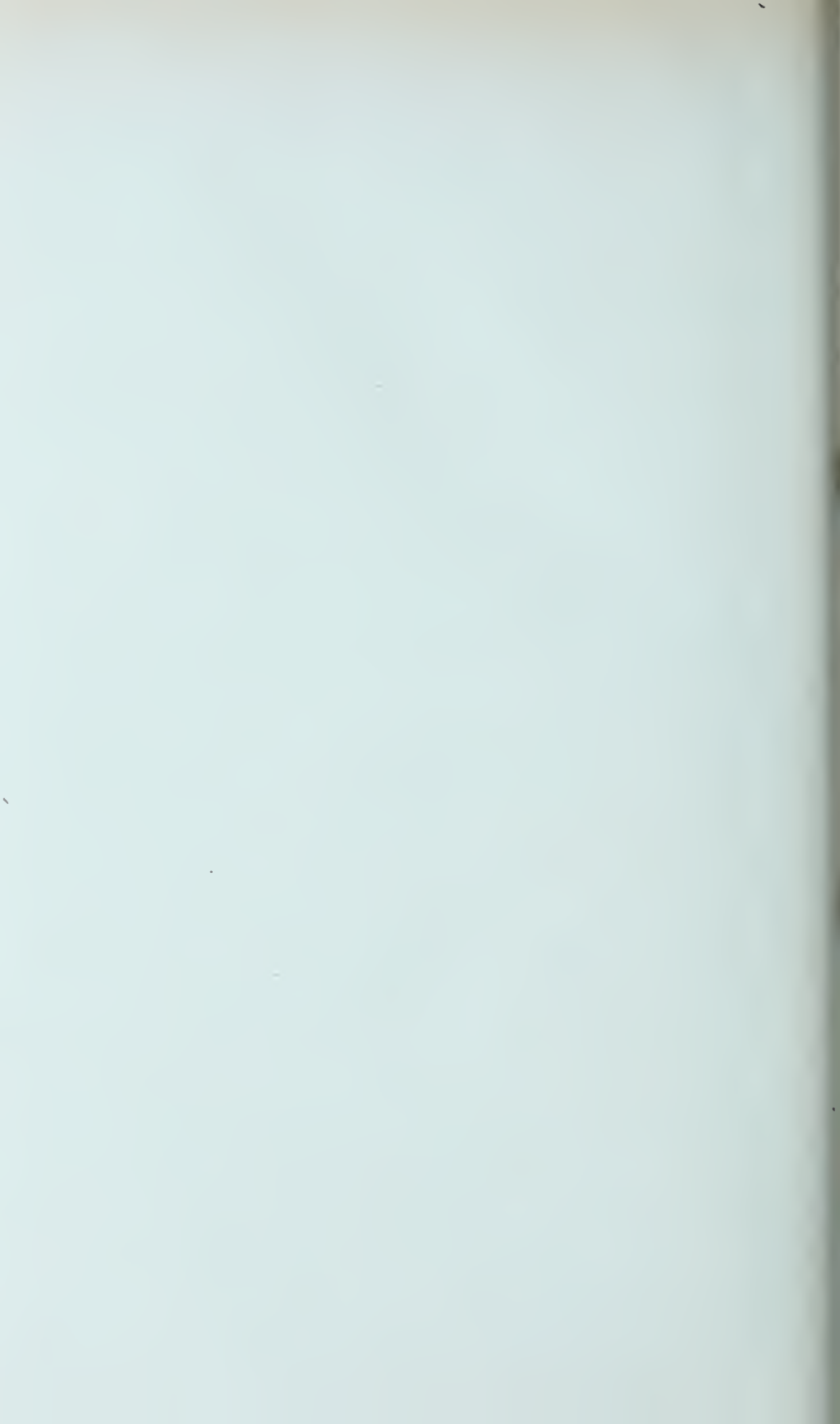
[The matter referred to appears in the Appendix.]

LIMITATION OF INCOMES

Mr. VOORHIS of California. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?
There was no objection.

Mr. VOORHIS of California. Mr. Speaker, I am in agreement with the general proposition that the order method whereby personal income should be limited in time of war is a means of taxation enacted by the Congress, rather than by any other method. But in section 4 of H. R. 1780, the House will be confronted today with a proposition which will render impossible the stabilization of salaries until they have risen to \$67,000 or \$25,000 net, after taxes. In view of the fact that farm prices and wages and other types of income are subject to stabilization order, I do not think the Congress ought to be put in that position. I do not think this is necessary. I think the real answer is



78TH CONGRESS
1ST SESSION

H. R. 2030

IN THE SENATE OF THE UNITED STATES

MARCH 12 (legislative day, MARCH 9), 1943

Read twice and referred to the Committee on Finance

AN ACT

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 2135 (a) (1) of the Internal Revenue Code
4 be amended to read as follows:

5 “SEC. 2135. EXEMPTION FROM TAX.

6 “(a) SHIPMENTS TO FOREIGN COUNTRIES AND POS-
7 SESSIONS OF THE UNITED STATES.—

8 “(1) MANUFACTURERS.—Manufactured tobacco,
9 snuff, cigars, or cigarettes may be removed for export
10 to a foreign country or for shipment to a possession of

1 the United States (or, until the date on which the Presi-
2 dent proclaims that hostilities in the present war have
3 terminated, to a territory of the United States for the use
4 of members of the military or naval forces of the United
5 States) without payment of tax under such rules and
6 regulations and the making of such entries, and the filing
7 of such bonds and bills of lading as the Commissioner,
8 with the approval of the Secretary, shall prescribe.”

Passed the House of Representatives March 11, 1943.

Attest:

SOUTH TRIMBLE,

Clerk.

78TH CONGRESS
1ST Session

H. R. 2030

AN ACT

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

MARCH 12 (legislative day, MARCH 9), 1943

Read twice and referred to the Committee on Finance

appearances in court, blizzards, and

the official view, malicious absence accounted for about 2 percent of the British cases; the workers who, nursing some grudge, stayed out for days on end persistently late. Some, in the "careless," excused themselves with "missed trains," "away for the week end," "alarm didn't work" and the like.

Short-period absences reached their peak days (traditional British pay day), high on Saturdays and Mondays. Married women tend to take Saturday morning shopping," says a Labor Ministry

that two-thirds of the daily absences were due for by illness. Absence through illness has increased since the replacement of younger men by older workers and of lower medical grades. In seven factories checked by the British Medical Journal, and flu were found to be the greatest of time lost. Fifty percent of all the workers and 45 percent of the women were working time during the 6 months under review.

Numerous differences make comparisons in the American and British situations difficult, but one factor tending to make absenteeism an even more acute problem in America is a longer workweek, taxing health and endurance. The British war industry is 56 hours. Latest Office of War Industries figure for United States is 47.9 as the average for all metal-working industry.)

British Medical Association warned the Government at the end of 1942 that "industrial fatigue due to excessive working hours is filling the consulting rooms with thousands of war workers suffering from minor ailments" and pressed for an immediate remedy.

Government investigators used no rose-colored spectacles when seeking causes and

One reported: "What must be accepted is the psychological factor that thousands of workers see in their job the commissioning of their home life. Married men with the full-time job of looking after hours in factories and shops. Men's families are disorganized by the fact that wives, sisters, other relations, parents in some cases, are all going to work, or because they have been sent right away from their homes to work."

Others noted that the lack of real interest in the job and lack of conviction about its importance and urgency are mainly due to chance. It is too readily assumed that workers generally are only concerned with the money incentive, whereas experience shows that workers in general respond in an increasing degree to the incentive of interest when they are made aware of the part their work plays in the final product."

The supply ministry in a recent circular emphasized "it is part of the business of good management to keep the work people interested in the use of their products in battle." The ministry itself helps with a thousand day-night cinema shows, mostly of news films, illustrating to the workers the results of their efforts. Ten-minute pep talks are another feature.)

"Many workers"—commenced another remark—"particularly women, cannot be expected to work 5½ days weekly and long hours, even in week out, if they have to spend an additional 2 or 3 hours daily or even more in traveling, possibly by crowded bus or train, in all weathers. It must be remembered that a high percentage of today's war workers are used to factory life."

Most workers, it was added, were away from their homes or billets about 12 hours, calculating the average traveling time plus work shift. Another contributory cause noted was idle time, when workers are forced to stand about

for hours, even days, held up by some cause usually completely beyond their control.

A significant point noted by investigators was the gulf in the factories between those who know and those who don't, blamed by many for loss of output through slacking and absenteeism.

Labor Minister Bevin summarized: "The majority of the absentees stay away occasionally because of exhaustion, and the best way to reduce that is to limit the call upon human energy. There must be every possible aid to labor, every device to avoid unnecessary fatigue."

In a recent memorandum to all war industries, Bevin indicated broad and general outlines for cures, asked employers, managements, works production committees, and trade unions to seek the best remedial action "to mitigate difficult conditions and to bring public opinion to bear on those who are careless in attendance or punctuality."

Included in the remedial schemes are:

1. Factory records of absence and all relevant data to be discussed regularly before works production committees and managements. (In previous investigations one stumbling block was the lack of unsuitability of factory records.)

2. A very high rate of sickness absence is to be checked by medical examination; high accident rates to be immediately investigated.

3. Absence backed by what appears to be a reasonable excuse to be watched by welfare officers, in whose hands should be such "cures" as transport improvement, additional nurseries, better hostel arrangements, tastier and more regular meals, suitable leave for shopping.

4. Rotated schedules to give workers another day off weekly besides Sunday; workers to be encouraged to use hostels and billets near the factories where traveling is a hindrance to attendance.

"Works productions committees, personnel departments, and such other bodies," said Bevin, "can and should settle absenteeism locally and without any governmental interference."

Bevin also put on record that "prosecution of young people for absenteeism should be undertaken only as a last resort. I always try to examine these cases in the light of what I might have been at 17."

Prosecution of workers for absenteeism average about 1 in 10,000, imprisonment 1 in 50,000. Fines range from \$4 to a possible maximum of \$400, imprisonment up to 3 months. Prosecution is generally ordered by the national service officer for the area, but in many instances the offender's own workmates have observed, reported, and insisted on prosecution.

EXHIBIT C

SAN FRANCISCO, CALIF., February 9, 1943.

HON. SHERIDAN DOWNEY,
United States Senate,
Washington, D. C.:

Undoubtedly you are familiar with the acute manpower situation in our State. Our business is transportation of large amounts of goods and materials vitally essential to war effort here and for transshipment to armed forces abroad. A break-down of transportation systems is imminent due to unreasonable acts of individual draft boards recognizing no authority but their own and refusing to consider appeals or official orders of other governmental agencies. They continue inducting men whose contribution to war effort as civilians far surpasses ability as soldiers. Something must be done. We find it impossible to replace experienced men or to obtain new men to break in.

Immediate action by you and your colleagues is necessary.

WARD G. WALKUP,
President, Walkup Drayage
& Warehouse Co.

SAN FRANCISCO, CALIF., March 11, 1943.

HON. SHERIDAN DOWNEY,
United States Senate,
Washington, D. C.:

Yesterday we had nine accidents in 1 day. One accident will cost this company \$1,000 for the repair of its tractor if we can get the parts. This is a new tractor; having been in service only 1 year. This tractor will be laid up for repairs for 2 weeks and, as mentioned before, the Office of Defense Transportation has given us no relief on equipment. You know the tremendous amount of hauling for the Army and Navy we are doing. The local boards are inducting our drivers and we are forced to take inexperienced men who do not know the streets of San Francisco and it takes 6 months to a year to make drivers for the kind of equipment and service we have to render in these ports of embarkation. Our Oakland company—Merchants Express Corporation—had five accidents yesterday, all caused from using inexperienced drivers. We are constantly forced to meet deadlines and our men work 60 to 84 hours a week to do it. Still there are delays in sailing dates of convoys. Must we await a crisis and complete break-down in transportation in the bay area before action is taken? Every farmer, the armed forces, civilian defense, and civilians on the home front, including shipyards, depend on truck and rail transportation. Therefore, without transportation none of these activities can succeed.

WARD G. WALKUP,
President, Walkup Drayage
& Warehouse Co.

SAN FRANCISCO, CALIF., March 12, 1943.

Senator SHERIDAN DOWNEY,
United States Senate, Washington, D. C.:
One of my inexperienced drivers tangled with a freight train at a crossing last night causing severe injuries to himself and the entire loss of newly overhauled truck and its contents. The equipment is irreplaceable. Just another example of waste through inexperience.

ROBERTSON DRAYAGE CO.

OAKLAND, CALIF., February 9, 1943.

HON. SHERIDAN DOWNEY,
United States Senator, Washington, D. C.:
Our association operates 3,000 pieces of modern motorized truck and trailer equipment. Practically all of these units are being used full time in essential war work. We are facing serious curtailment of activities due to many of our experienced drivers being drafted into the armed forces. If immediate deferment is not forthcoming many tons of vital defense materials will stagnate at rail and truck terminals in this area.

E. H. HART,
Manager, Draymen's Association of
Alameda County, Oakland, Calif.

SAN FRANCISCO, CALIF., March 11, 1943.

HON. Senator SHERIDAN DOWNEY,
National Capitol, Washington, D. C.:
Drayage situation in San Francisco pathetic on account of manpower in regards local drayage. Have tried every way possible to get drivers through the union and otherwise. Cars loaded backing up on account of the shortage. Trucks laying idle with tons of freight to move.

JOHN MCCARTHY & SON.

SHIPMENT TAX-FREE OF CERTAIN TOBACCO PRODUCTS FOR USE OF MILITARY AND NAVAL FORCES

During the delivery of Mr. DOWNEY's speech,

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. DOWNEY. I yield.

Mr. GEORGE. From the Committee on Finance I report favorably, without

amendment, House bill 2030, to permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States, and submit a report (Rept. No. 118) thereon, and I ask unanimous consent for immediate consideration of the bill, without displacing the pending business.

Mr. President, I should like to say that the sole purpose of the bill, which has the recommendation of the War Department and the acquiescence of the Treasury Department, is to permit the shipment of tobacco products tax-free to the members of the armed forces in Hawaii and Alaska, our own possessions.

The PRESIDING OFFICER (Mr. TUNNELL in the chair). Is there objection to the present consideration of the bill?

Mr. McNARY. Mr. President, the very able Senator from Georgia has explained the objectives of the bill to me. I can see no reason to oppose the measure or consideration of the measure at this time. Of course consideration of it requires unanimous consent. The Senator has asked for unanimous consent?

Mr. GEORGE. Yes; I have asked for unanimous consent for the present consideration of the bill.

Mr. McNARY. I personally have no objection. I think we probably owe it to the soldiers in the South Seas to take the proposed action. Is the application of the measure general, or is it limited to certain centers?

Mr. GEORGE. It applies to our own possessions, Hawaii and Alaska. Cigarettes sent to the men there are being returned because the tax has not been paid, and it must be paid. The bill has the unanimous approval of the Finance Committee.

Mr. McNARY. With that statement, I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 2030) to permit the shipment tax free of certain tobacco products to Territories of the United States for the use of members of the military and naval forces of the United States was considered, ordered to a third reading, read the third time, and passed.

During the delivery of Mr. DOWNEY's speech,

FIRST DEFICIENCY APPROPRIATIONS— CONFERENCE REPORT

Mr. HAYDEN. Mr. President, I submit the conference report on House bill 1975 and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. MAYBANK in the chair). The conference report will be read.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 1975) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1943, and for prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1943, and for other purposes, having met,

after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 20, 40, and 41.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 10, 13, 14, 15, 16, 17, 18, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, and 38; and agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following: "Provided further, That no merchant vessel constructed under any contract entered into by the United States Maritime Commission pursuant to any appropriation or contract authorization specifically granted by Act of Congress (except Public Law 5, Seventy-seventh Congress) to such Commission shall be disposed of under the Act of March 11, 1941 (Public Law 11, Seventy-seventh Congress), as amended, except by lease which must end not later than six months after the termination of the present war, as proclaimed by the President, or at such earlier time as the Congress by concurrent resolution or the President by proclamation may designate"; and on page 11, line 15 of the bill, after the figure "\$16,625,000", insert the following: ", payable from such construction fund"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$3,722,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"WEATHER BUREAU

"Observations, warnings, and general weather service: For an additional amount for observations, warnings, and general weather service, fiscal year 1943, including the objects specified under this head in the Department of Commerce Appropriation Act, 1943, and including not to exceed \$36,945 additional for personal services in the District of Columbia, \$390,000."

And the Senate agree to the same.

Amendment numbered 7: That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows: In lieu of the matter inserted by said amendment insert the following:

"BUREAU OF RECLAMATION

"Lugert-Altus project, Oklahoma: For continuation of construction, \$400,000 from the general fund of the Treasury, to remain available until expended."

And the Senate agree to the same.

Amendment numbered 8: That the House recede from its disagreement to the amendment of the Senate numbered 8, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows: Investigation of bauxite and alunite ores and aluminum clay deposits (national defense): For an additional amount for investigation of bauxite and alunite ores and aluminum clay deposits, including the objects specified under this head in the Interior Department Appropriation Act, 1943, and including the purchase of drilling rigs mounted on trucks and of auxiliary trucks to service drilling rigs without charge against the limitation on the purchase of motor-propelled vehicles herein-after specified, \$500,000: Provided, That the

limitation on the amounts which may be expended for purchase of motor-propelled vehicles, and available to the Geological Survey to carry out the purposes of this appropriation, are hereby increased from \$6,000, \$25,000, and from \$80,000 to \$115,000, respectively."

And the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows: Restore the matter stricken out by said amendment, amended to read as follows: of which \$15,000 shall be chargeable to water fund of the District of Columbia, "total appropriation"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows: In lieu of the sum proposed insert "\$63,300" and the Senate agree to the same.

Amendment numbered 39: That the House recede from its disagreement to the amendment of the Senate numbered 39, and agree to the same with an amendment, as follows: Before the figure "(2)", of the matter inserted by said amendment, insert the words "or"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, and 19.

CARL HAYDEN,
M. E. TYDINGS,
JOHN H. OVERTON,
GERALD P. NYE,
H. C. LODGE, Jr.,

Managers on the part of the Senate

CLARENCE CANNON,
C. A. WOODRUM,
LOUIS LUDLOW,
EMMET O'NEAL,
LOUIS C. RABAUT,
JED JOHNSON,
JOHN TABER,
R. B. WIGGLESWORTH,
W. P. LAMBERTSON,

Managers on the part of the House

Mr. HAYDEN. Mr. President, the report represents a complete agreement between the two Houses. The report has been adopted by the House, and I move its adoption by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arizona [Mr. HAYDEN]. The motion was agreed to.

EXTENSION OF JURISDICTION OF NAVAL COURTS MARTIAL

The PRESIDING OFFICER (Mr. TUNNELL in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 303) to extend the jurisdiction of naval courts martial in time of war or national emergency to certain persons outside the continental limits of the United States, which was, on page 2, line 10, after the name "Alaska" to insert "The Canal Zone."

Mr. WALSH. Mr. President, I move that the Senate concur in the amendment of the House.

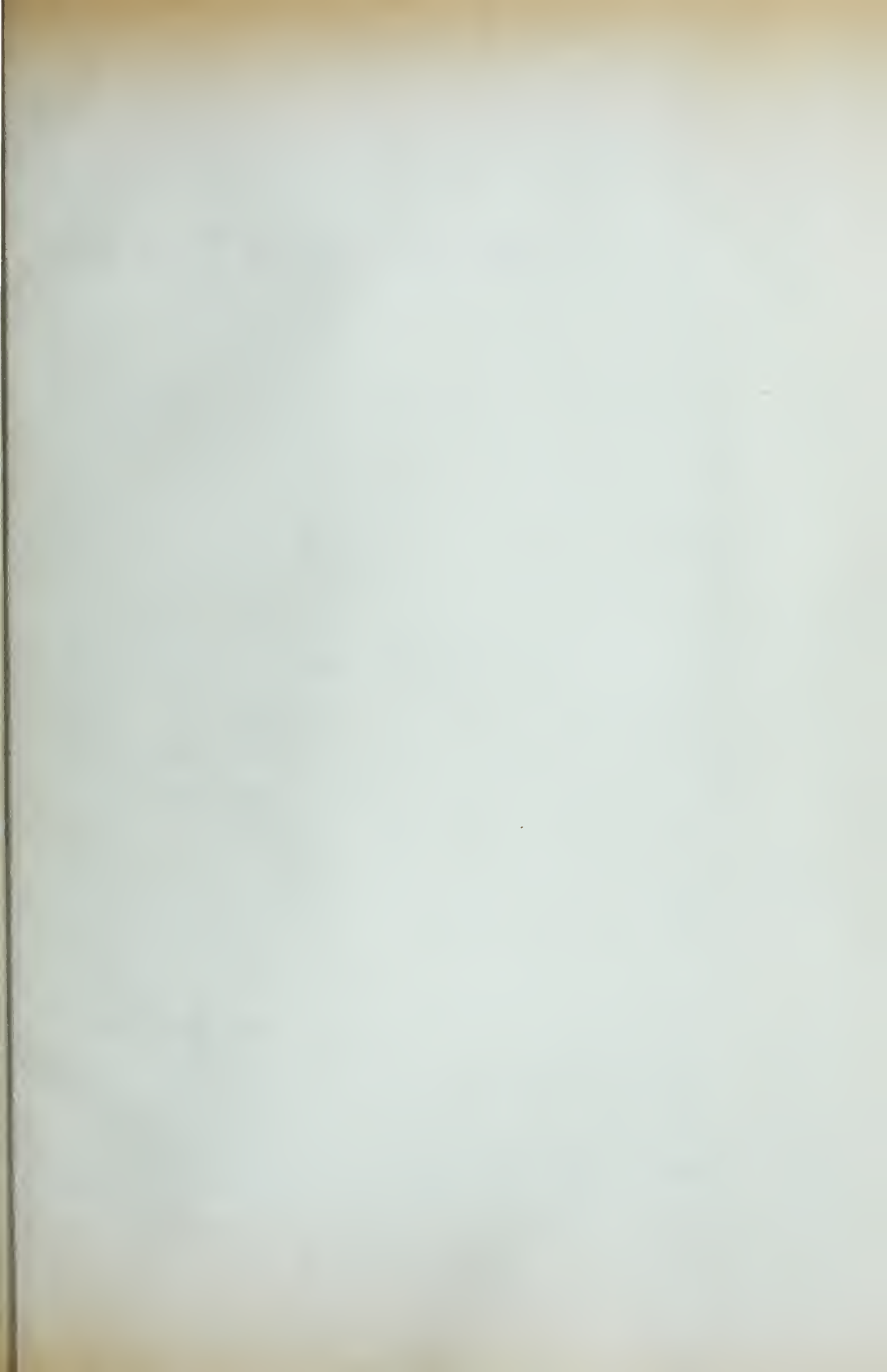
The motion was agreed to.

DEFERMENT FROM MILITARY SERVICE PERSONS ENGAGED IN AGRICULTURE

The Senate resumed the consideration of the bill (S. 729) providing for the deferment from military service of persons engaged in agricultural occupations.

Mr. MALONEY obtained the floor.

Mr. LA FOLLETTE. Mr. President,



78TH CONGRESS
1ST SESSION

H. R. 2030

[Report No. 118]

IN THE SENATE OF THE UNITED STATES

MARCH 12 (legislative day, MARCH 9), 1943

Read twice and referred to the Committee on Finance

MARCH 16 (legislative day, MARCH 9), 1943

Reported by Mr. GEORGE, without amendment; considered, read the third time,
and passed

AN ACT

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 That section 2135 (a) (1) of the Internal Revenue Code
4 be amended to read as follows:

5 “SEC. 2135. EXEMPTION FROM TAX.

6 “(a) SHIPMENTS TO FOREIGN COUNTRIES AND POS-
7 SESSIONS OF THE UNITED STATES.—

8 “(1) MANUFACTURERS.—Manufactured tobacco,
9 snuff, cigars, or cigarettes may be removed for export
10 to a foreign country or for shipment to a possession of

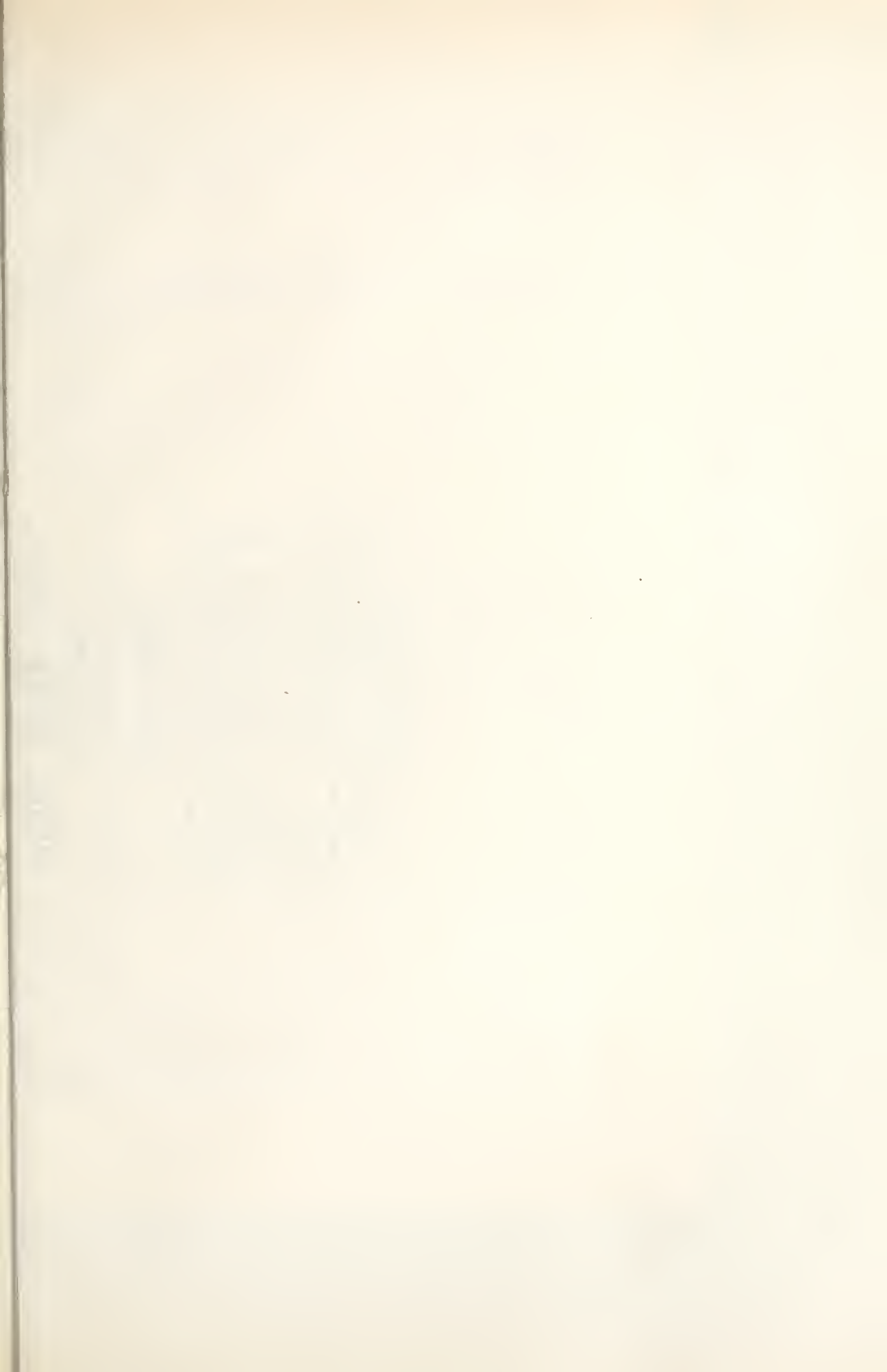
1 the United States (or, until the date on which the Presi-
2 dent proclaims that hostilities in the present war have
3 terminated, to a territory of the United States for the use
4 of members of the military or naval forces of the United
5 States) without payment of tax under such rules and
6 regulations and the making of such entries, and the filing
7 of such bonds and bills of lading as the Commissioner,
8 with the approval of the Secretary, shall prescribe.”

Passed the House of Representatives March 11, 1943.

Attest:

SOUTH TRIMBLE,

Clerk.



78TH CONGRESS
1ST Session

H. R. 2030

[Report No. 118]

AN ACT

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

MARCH 12 (legislative day, MARCH 9), 1943

Read twice and referred to the Committee on Finance

MARCH 16 (legislative day, MARCH 9), 1943

Reported without amendment; considered, read the third time, and passed

PERMITTING THE SHIPMENT TAX-FREE OF CERTAIN TOBACCO
PRODUCTS TO TERRITORIES OF THE UNITED STATES FOR USE
OF MEMBERS OF THE MILITARY AND NAVAL FORCES OF THE
UNITED STATES

MARCH 16 (legislative day, MARCH 9), 1943.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

R E P O R T

[To accompany H. R. 2030]

The Committee on Finance, to whom was referred the bill (H. R. 2030) to permit the shipment tax-free of certain tobacco products to Territories of the United States for use of members of the military and naval forces of the United States, having considered the same, report favorably thereon and recommend that the bill do pass.

For the information of the Senate there is attached hereto and made a part of this report a letter from the Secretary of War to the Speaker of the House of Representatives, dated February 22, 1943, outlining the purposes and intent of the proposed legislation, and setting forth the necessity of such legislation, reading as follows:

WAR DEPARTMENT,
Washington, February 22, 1943.

THE SPEAKER, HOUSE OF REPRESENTATIVES.

DEAR MR. SPEAKER: There is inclosed a draft of a bill to permit the shipment tax-free of certain tobacco products to Territories of the United States for the use of members of the military and naval forces of the United States which the War Department recommends be enacted into law.

The purpose of the proposed legislation is twofold: (1) To eliminate an information leak with regard to the disposition of troops and the locale of Army Post Office numbers, and (2) as a factor in morale, to equalize the privilege of receiving or buying tax-free tobacco, particularly cigarettes, between troops serving in the Territories and troops serving in foreign countries and the possessions of the United States.

Section 2135 of the Internal Revenue Code permits the removal for export to a foreign country or for shipment to a possession of the United States of manufactured tobacco, snuff, cigars, and cigarettes, without payment of tax under such rules and regulations as the Commissioner of Internal Revenue with the approval of the Secretary of the Treasury shall prescribe. Accordingly, Army post exchanges, commissaries, and similar organizations located in foreign countries or in the possessions, can sell cigarettes to troops serving in such areas at prices which do not include the existing tax amounting to 7 cents per package of 20 cigarettes on popular brands of cigarettes, while post exchanges and commissaries located in Alaska and Hawaii must include the tax in their prices.

The various tobacco manufacturers have advertised that relatives or friends of troops serving outside the States and the District of Columbia who desire to send cigarettes to such troops may pay for them at retail outlets and that, upon furnishing the Army post-office addresses of the soldiers, the cigarettes will be mailed directly by the manufacturers. The price charged the payor does not include any tax. It has come to the attention of the War Department that cartons of cigarettes so purchased and addressed to individuals stationed in Hawaii or Alaska have been returned with the statement: "Such packages of duty-free cigarettes are undeliverable within the continental limits of the United States, Hawaii, and Alaska." This procedure will eventually result in the compromise of troop dispositions and Army post-office numbers in Hawaii and Alaska.

In the absence of corrective legislation it would be necessary, in order to prevent the disclosure of this vital military information, to take steps to discourage the practice of sending tax-free cigarettes to soldiers and sailors serving outside the States and the District of Columbia, since the manufacturers cannot and will not be able to differentiate between troops serving in Hawaii and Alaska and troops serving in foreign countries or in the possessions.

The War Department is of the opinion that the privilege of receiving or buying tax-free cigarettes is an important contribution to the morale of the troops serving outside the continental United States. The morale of the armed forces in Hawaii and Alaska is just as important to the prosecution of the war as that in other areas.

In the absence of a general knowledge on the part of the public that tobacco products cannot be sent tax-free to Alaska or Hawaii, the return of the packages marked merely "undeliverable" without further explanation might close the information leak resulting from the present system. Such procedure would, however, undoubtedly create undue apprehension and anxiety in the minds of the relatives and friends to whom the packages would be returned concerning the well-being of the individuals to whom the packages had been sent. Furthermore, the undesirable impact upon the morale of troops serving in Alaska and in Hawaii arising from the present discriminatory condition would not be removed.

The War Department is of the opinion that this problem can be solved most satisfactorily by relaxing the revenue laws to the extent necessary to permit soldiers and sailors in Alaska and Hawaii to receive or purchase tobacco products tax-free.

The proposed measure will not result in an increase in administrative expenses, but will involve the loss of revenue relatively negligible in amount, and will be effective only until the President proclaims that hostilities in the present war have terminated.

The Bureau of the Budget advises that there is no objection to the submission of the proposed legislation to the Congress for its consideration.

Sincerely yours,

HENRY L. STIMSON,
Secretary of War.

○

[PUBLIC LAW 14—78TH CONGRESS]

[CHAPTER 20—1ST SESSION]

[H. R. 2030]

AN ACT

To permit the shipment tax-free of certain tobacco products to territories of the United States for the use of members of the military and naval forces of the United States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2135 (a) (1) of the Internal Revenue Code be amended to read as follows:

“SEC. 2135. EXEMPTION FROM TAX.

“(a) SHIPMENTS TO FOREIGN COUNTRIES AND POSSESSIONS OF THE UNITED STATES.—

“(1) MANUFACTURERS.—Manufactured tobacco, snuff, cigars, or cigarettes may be removed for export to a foreign country or for shipment to a possession of the United States (or, until the date on which the President proclaims that hostilities in the present war have terminated, to a territory of the United States for the use of members of the military or naval forces of the United States) without payment of tax under such rules and regulations and the making of such entries, and the filing of such bonds and bills of lading as the Commissioner, with the approval of the Secretary, shall prescribe.”

Approved March 23, 1943.

